

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2049 - HB 2069

February 8, 2014

SUMMARY OF BILL: Authorizes counties, municipalities, and utility districts to invest idle funds in bank certificates of deposit (CDs) that are insured by the Federal Deposit Insurance Corporation (FDIC).

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – Due to multiple unknown factors, a precise fiscal impact to local government revenue cannot reasonably be determined, however any impact is permissive.

Assumptions:

- Under current law counties, municipalities, and utility districts are authorized to invest in the CDs of banks that are state or federally chartered; the provisions of the bill will broaden the scope of bank CDs in which counties, municipalities, and utility districts can invest.
- According to the Office of the Comptroller of the Treasury, the provisions of the bill will not fiscally impact the agency.
- According to the Department of the Treasury, the provisions of the bill will not fiscally impact the department.
- Based on information provided by the Tennessee Association of Utility Districts (TAUD), the provisions of the bill will authorize investment of idle funds in slightly longer term CDs.
- Longer term CDs can have a higher interest rate and return; however penalties for early withdrawal of monies invested can also be higher.
- Due to multiple unknown factors such as, how many counties, municipalities, or utility districts will opt to invest idle funds pursuant to the provisions of the bill, the amount of idle funds invested, the interest rate on any such CD, and if the CD is matured or funds are withdrawn early; a precise impact to local government revenue cannot be determined, however any impact will be permissive.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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